

TRANSACTION REPORT

P. 01

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FOR: OIL, GAS & MINING

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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
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m/15/097

UTAH DIVISION OF OIL, GAS AND MINING FACSIMILE COVER SHEET

DATE:

July 27, 2001

FAX #:

(435) 637-2431

ATTN:

DAN GUY

COMPANY:

BLACKHAWK ENGINEERING

DEPARTMENT:

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3

FROM:

Wayne Hedberg



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Wayne Hedberg

If you do not receive all of the pages, or if they are illegible, please call (801)538-5340.
We are sending from a sharp facsimile machine. Our telecopier number is (801)359-3940.

MESSAGES:

DAN, HERE'S A DRAFT OF OUR
EARLIER DISCUSSION TODAY. SORRY
FOR THE DELAY. CALL ME MONDAY
IF YOU HAVE MAJOR CONCERNS. WOULD
LIKE TO FINAL ASAP.

TX. Wayne

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TEMPORARY DRAFT

TEMPORARY DRAFT

July 27, 2001

Mr. Daniel C. Sheppard
Goldterra, Inc
4088 East Airport Road,
P.O. Box 783
Price, Utah 84501

Re: Comments received July 11, 2001, Draft Notice of Tentative Approval, Goldterra, Inc., Blue Castle Mine, M/015/077, Emery County, Utah

Dear Mr. Sheppard:

The Division has received your letter regarding our draft Notice of Tentative Approval, and evaluated your suggested changes to the Draft Public Notice and Executive Summary documents. Our technical staff members have gone back and reviewed their field notes and offer the following response to your comments:

1. The use of composted manure (or biosolids) was discussed during the site inspection. Your staff expressed concerns that this material may not be available at the time of reclamation. Division staff responded that if it were not available, it would not be required. However, at a cost of about \$300.00 per acre, we believe it would help ensure the success of the operator's revegetation efforts. We do not share your opinion that amending the plant growth medium with compost will make a *new* soil, which you state is not required under the rules and regulations. Regardless, we have removed this specific line item from the bond calculation. Before the full amount of reclamation surety can be released, the operator must demonstrate that the revegetation performance standard has been met, unless a variance has otherwise been approved.
2. The Division only agreed that the benches would not require seeding (due to inaccessibility and that the overburden/soil materials would be placed on the benches as mining advanced and that the native seed bank should provide plant materials to establish some natural revegetation over time). All accessible areas will require seeding (and seedbed preparation). The relatively flat pit floor is considered accessible, and therefore, must be seeded. Ripping will also be required to prepare a proper seed bed (unless the pit floor is competent bedrock that cannot be ripped).
3. The Division has revisited the reclamation surety estimate. Adjustments have been made where feasible. An area was found where we had inadvertently duplicated acreage (the 10.48 acres of pit floor where soil would be salvaged and replaced). As stated above, we have also dropped the line item for composted manure. Lastly, if acceptable to Goldterra, significant cost reduction of revegetation can be achieved by applying the Division's 'broadcast seeding' costs (of \$170.00 per acre) rather than your proposed bid cost for 'drill seeding' (of \$958.32 per acre). Please inform us if you wish to make this change to your plan. The recalculated and escalated surety amount is \$281,200.00. A copy of the draft revised reclamation surety estimate is attached for your review.

If acceptable, please confirm these changes so that we can finalize the draft publication notice, and move this project forward. Thank you for your time and patience in resolving these matters.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

Attachment: revised surety estimate
Jb
Cc: BLM, Price area office
Minerals file
Goldterra ltr.doc

1	RECLAMATION SURETY ESTIMATE				
2	GoldTerra Inc.		last revision	07/20/01	
3	Blue Castle Mine		filename M015-077.WB2		
4	M/015/077		Emery County		
5	Prepared by Utah State Division of Oil, Gas & Mining				
6	-This estimate uses a D9 size dozer for most earthwork				
7	Equipment Removal includes Cat, 2 loaders, conveyor components, trailers, & trucks				
16	-Areas to be reclaimed include 11.48 acres- facilities area, lower mine area of 10.48 acres, .46 acres haulroad, 1.88 facility area and access road used during SMO operation and 39.42 acres of pit floor which will not receive topsoil during reclamation effort.				
17			last unit cost update	2-Aug-2000	
18	Amount of disturbed area which will receive reclamation treatments =		63.72	acres	
19	-Estimated total disturbed area for this mine =		135.56	acres	
20	<u>Activity</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/unit</u>	<u>\$</u> Note
21	Safety gates, signs, etc. (mtls & installation)	2	sum	200	400 (1)
22					
23	Removal of Facilities (Trailers-Tanks-Conveyors)	1	lump sum	0.24	3,551 (2)
24	Debris & equipment removal - trucking	6	trips	400	2,400 (2)
25	Debris & equipment removal - dump fees	10	ton	55	550 (2)
26	Debris & equipment removal- trucks w/FE loader	10	hours	166	1,660 (2)
27	Demolition & debris removal - general labor	8	hours	32.55	260 (2)
29	Rip SMO facilities area and access road	1.88	acre	271	509
35	Ripping pit floors	39.4	acre	271	10,683 (9)
38					
40	Recontouring site - dozer	19392	CY	3.35	64,963 (2)
43					
46	Topsoil replacement - FE loader	29627	CY	3.54	104,880 (2)
51	Ground Prep-ripping prior to seeding	22.4	acre	271	6,076 (2)
52	Drill seeding		acre	958.32	0 (2)
	Broadcast seeding - facilities & mine site	61.8	acre	170	10,506 (7)
54	Broadcast seeding (SMO access road & site)	1.88	acre	170	320 (7)
55	General site cleanup & trash removal	25.0	acre	50	1,250 (00)
56					
57	Equipment mobilization	4	equip	1000	4,000 (00)
58					
59	Reclamation Supervision	19	days	386	7,141 (2)
60			Subtotal		219,149
61	10% Contingency				21,915
62			Subtotal		\$241,064
63	Escalate for 5 years at 3.13% per yr				40,163
64			Total		\$281,227
65			Rounded surety amount in yr 2006-\$		\$281,200
66	Average cost per disturbed acre =		\$2,074		

Note

- (1) DOGM lump sum assumed
- (2) **Cost figures furnished by Goldterra**
- (7) DOGM general estimate - broadcast seeding
- (9) Means 2000 & Blue Book 3Q/00: Cat D9N, U, multi shank rippers, speed 1.0 mph
- (00) DOGM general estimate - site cleanup & trash removal
- (00) DOGM general estimate - equipment mobilization